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## Rentals, Tax Consequences, and the World Equestrian Games (/full-blog/2010/09/rentals-tax-consequences-and-world.html)

"Tax" (/full-blog?category=%22Tax%22), "World Equestrian Games" (/full-blog?category=%22World+Equestrian+Games%22)

([http://i584.photobucket.com/albums/ss287/lsumner717/house\\_rental\\_250x251.jpg](http://i584.photobucket.com/albums/ss287/lsumner717/house_rental_250x251.jpg)) **By Stephen Frazier, Staff Member**

In 2004, Governor Ernie Fletcher submitted a bid to host the 2010 World Equestrian Games. The two-week event is expected to bring approximately 250,000 international athletes and tourist to Kentucky. Staff Writer, *Kentucky To Bid For 2010 World Equestrian Games*, July 8, 2004, available at <http://www.alltechfeigames.com/news/detail.aspx?id=1116>. Experts estimate that the games will have a \$90 million economic impact on the state of Kentucky. *Id.*



One method that citizens of Kentucky are cashing in on the arrival of the World Equestrian Games is by renting their residence during the weeks before, during, and after the games. Depending on the size of the house and location, homes are generating rental income ranging from a couple hundred dollars a night, up to \$30,000 for the full duration of the event. *See generally* World Equestrian Game Housing, <http://www.2010weghomes.com/> (last visited Sept. 25, 2010). This seems to be a great method for Kentucky residents to generate additional income; however, homeowners need to be aware of a possible issue with huge tax consequences.

Section 61 of the Federal Taxation Statutes states that “gross income means all income from

whatever source derived,” including rents. I.R.S. §61 (West 2008). However, Section 280A of the Federal Taxation Statutes provides a tax loophole of which homeowners must be aware. Section 280A(g) states if a taxpayer uses a dwelling as a residence and the unit is rented for less than 15 days during a taxable year, then the income generated from such use shall not be included in gross income under section 61. I.R.S. §280A (West 2008). The World Equestrian Games start on September 25 and end on October 10. Since the World Games occur for a period of sixteen days, homeowners cannot rent their residence for the entire duration of the event and receive the benefit of section 280A.

Over the next month, citizens of Kentucky will have the opportunity to make thousands of dollars by vacating their homes and renting them to tourists. The World Equestrian Games provide an opportunity for homeowners to generate funds to pay off their mortgage and cover living expenses. However, if homeowners are not aware of section 280A, the World Equestrian Games could result in taxpayers having an increased taxable income and large tax due come April 15th.

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